

**Finance Committee Meeting
Minutes
November 17, 2020
4:00 p.m.
Remote Conference Meeting**

Call to Order

Finance Committee Chair Dean DePiero called the meeting to order at 4:00 p.m. In attendance were Committee Members, Chairperson Dean DePiero, Trustee Edward Blakemore, Trustee Maria Spangler and Trustee Allyn Davies, Trustee William Leonard, Trustee Patricia Shlonsky, and Trustee Robert Varley as well as Executive Director Tracy Strobel, Deputy Director-Support Services, Fiscal Officer Scott Morgan, Communications & External Relations Director Hallie Rich, Human Resources Director Monique Good, Deputy Director of Public Services Pam Jankowski, and Assistant Finance Director Robert Dolan, Facilities Director Jeffrey Mori, and IT Director Jim Haprian

Minutes

The October meeting minutes were noted for the record.

Financial Statement Overview – October

Director Morgan reminded us that in the Public Library Fund (PLF) earlier this year we reduced our PLF budget by 25% based on the information we received from the Ohio Library Council (OLC) a significant decrease that did not happen.

Director Morgan stated in general property taxes we received our last distribution and settlement from the County. With this distribution we are a little short of our budget. There will still be small amounts that will come in before the end of the year and we will revise our budget as necessary at the end of the year. We also received the second half of our reimbursements from the State for Homestead and Rollback. This amount was also slightly short of budget. We will make that adjustment with the final amendments for the year once we get final numbers.

Director Morgan stated in Public Library Fund (PLF) distribution for the month of October was slightly smaller than what we received last year. With this distribution it put us over our reduced budget. The amounts we receive in November and December will increase that amount over budget. We are on track to receive the original budget prior to the reduction. We will adjust with the other year end amendments.

Director Morgan stated patron fines and fees collected in October were higher than in the past several months, but we are still down about 40% of where we would expect to be for the year. We began taking passport applications again in late September and hope to continue to recover some of that revenue.

Director Morgan stated other revenue accounts are where we expect them to be.

Director Morgan stated salaries and benefits accounts are within budget based on the revised appropriations. The salary expense for this month does not include any reduction for the SharedWork Ohio program.

Director Morgan stated many of the other expense accounts show either a high percentage or 100% spent. This would account for standing order encumbrances. All POs were reviewed and some of them were decreased to realize the savings we needed to reach the total reduction in appropriations.

Director Morgan mentioned at the last meeting based on a review of the budget we may encumber the funds for some of the larger projects we put on hold earlier. We did that review and based on the increased amounts we see coming in for the PLF we do want to move forward with many of those projects. The projects are coming to you for approval through the much larger than normal Purchase Approval List (PAL).

Director Morgan stated we will begin many of them and encumber the funds before the end of the year, but this may reflect in a much larger carryover than we have had in the past.
(See under FINANCE)

Investments – October

Director Morgan stated we purchased several investments for the month. Two pieces of commercial paper from Toyota Motor Credit at a yield of 0.26% and Exxon Mobil Corp. at a yield of 0.23%. We also purchased two Agency Securities from Federal Home Loan Mortgage Company at a yield of 0.27% and Federal Fam Credit Bank at a yield of 0.50%. We will continue to maximize our yields while diversifying the portfolio.

Transfers

Director Morgan stated we have one transfer for the month. Transfer from the general fund to My Com Neighborhood for \$10,833.33 for the library match per the grant agreement.
(See under FINANCE)

The investment reports were approved for vote by the full Board.

Purchase Approval List

Director Morgan stated Item #1 is an encumbrance increase for Verizon Wireless account for \$7,500.00. We are going to purchase new cell phones it has been over three years since we refreshed those and some of them are starting to have issues. Director Rich spoke to Item #2. We had dollars encumbered for 2020 and we had a couple of invoices from 2019 that we did not receive until January 2020 invoices against last year's encumbrance were paid out of the 2020 budget and therefore, we must add additional dollars to cover the remainder 2020 lease agreement. Director Morgan stated this is an accounting adjustment. Director Morgan stated Item #3 this is for additional acrylic barriers between computer stations we did the Parma-Snow Branch, and they are working out well. This is the second batch we will be doing, and this money is also coming from the CARES Act dollars for \$139,929.00.

Director Morgan stated Item #4 is a portion of the teleconference for the building upgrades to all our private study rooms. Director Mori stated this includes both the lock portion on the east side and includes installation in the ceilings and we are adding acoustical panels to keep the sound in the room. Director Morgan stated the cost is \$22,605.00 and is coming from the CARES Act dollars. Director Good stated Item #5 is part of our initiative for Diversity Equity & Inclusion survey. We partnered with Tri-C to help us get a strategic plan together to let us know where we need to focus and where we need to become more inclusive in our workforce. Director Morgan stated Item #6 is to replace an old delivery step van used for inner branch delivery from Valley Ford for \$69,000.00. Director Morgan stated Item #7 is to replace three of our transit vans two will be for the IT department for installation when they need to go out and work on computers throughout the branches and the other would be for our mechanic to pick up parts. This is for two transit vans and one step van.

Director Mori stated Item #8 VFD are the drives that helps us get energy efficiency out of our HVAC systems and we must do preventive maintenance on them to ensure they are operating correctly. It helps us to maintain the life cycle of very expensive equipment and affects the efficiency of our HVAC systems. Director Morgan stated Item #9 is for the purchase of twenty-nine "A" frames used for display of new materials that will be spread throughout the branches. Director Morgan stated Item #10 is for window repair at the Orange Branch. The cost of the repairs is \$43,700.00. Director Mori stated Item #11 we are continuing our integration of building automation systems that allows us to monitor things remotely and make changes remotely and this will give us more control of the interior spaces in the buildings. The Facilities Department receives the most calls from branch staff that indoor air temperatures are too hot or too cold. This will reduce the number of calls we receive and provide a better experience by maintaining the indoor temperatures.

Director Morgan stated Item #12 is for the HVAC replacement at the Beachwood Branch. The work will be done by Gardiner for a cost of \$500,646.00. Director Mori stated Item #13 is for the access control system we currently use called key scan it requires updating. We can go to a new scan system or go to the Atrium system which is called RS2. That allows for a lot more integration not only access control, but it will also be able to tie in our camera systems and life safety systems, fire alarm and burglar alarms. We will have one platform to control all of those and be able to control remotely. Director Morgan stated Item #14 is for work necessary to repair the building façade at the Chagrin Falls Branch the cost is \$39,450.00.

Director Haprian stated Item #15 is to replace our desktop fleet for all the staff desktop computers at the circ desk and the circ workrooms. This is replacing our desktop fleet. We will be doing a lease rather than a purchase. The cost is for the first year. Director Haprian stated Item #16 is to install booster antennas externally on all our buildings to ensure the public is getting a strong Wi-Fi signal in our parking lots. A lot of people are using us for after-hours access. Director Haprian stated Item #17 is to replace all receipt printers and 1-up printers. The receipt printers are used at the circ desk to print out the list of items being checked out and on the self-check machine. 1-up printers are also receipt printers but those are the sticky paper staff use to print out hold slips before putting items on hold. Director Haprian stated Item #18 is to replace all the barcode scanners that staff use. They are old and outdated.

Director Haprian stated Item #19 is to replace our FireEye HX & NX these are two pieces of hardware that provides anti-virus for our network. Director Haprian stated Item #20 is to virtualize our Sierra software. This is necessary to move from physical servers to virtual servers to provide more robust backup recovery. Director Haprian stated Item #21 is to upgrade the VMware that runs the virtual servers.

The Purchase Approval List was approved for vote by the full Board.

Gift Report

Director Morgan stated the report includes Friends gifts for branch programming. We also received gifts from several individuals some specifically related to programs and a few for general library use or general branch use for a specific branch or Trust fund.

The Gift Report was approved for vote by the full Board.

2021 Blanket Orders

Director Morgan stated each year when we put together the next year's budget, we put together the blanket orders. These are purchase orders that we encumber ahead of time as needed that allow us to pay recurring vendors for purchases as well as recurring monthly bills.

The 2021 Blanket Orders was approved for consideration by the full Board.

Voucher List April

The Voucher List, itemizing expenses in excess of \$5,000.00 was presented for informational purposes.

- Temporary Annual Appropriations

Director Morgan stated this consist of a couple of documents. This is a temporary budget we bring to you typically in the month of November without the final figures and in January or February we will bring the permanent budget to you once numbers are closed out and finalized. The budget worksheet is just for the general fund we have the 2018, 2019 actuals what we estimate for the 2020 budget and what we are proposing for the 2021 budget. There is a carryover estimated at \$500,000.00. If we do have additional dollars to carryover, we will transfer those to the Capital Fund.

Director Morgan stated the Public Library Fund (PLF) listed is a reduction from what we received in 2019. The 2020 amount listed is still the reduced amount this is not the actual amount we received. The actual amount we receive will be closer to \$21,000,000.00 and we will update that in the permanent budget. The estimate for the PLF next year and this number comes from the County is \$19,378,000.00.

Director Morgan reported two property tax levies' separately. The first is the current levy we have for 2.5 mill and the second one will be the new tax levy and that collection will begin in January 2021. The local property tax number is an estimate from the County of what they are telling us we should receive from that levy and the 1mill amount is the amount they certified earlier in the year when we asked them to place that issue on the ballot.

Director Morgan stated patron fines and fees he reduced significantly from what we anticipated this year. We hope we can reach \$600,000.00 next year.

Director Morgan stated interest on investments are significantly down from what we originally budgeted of \$100,000.00. A good estimate for next year is \$35,000.00.

Director Morgan stated all other accounts are consistent with what we think we will receive this year. The total revenues for next year are \$81,819,000.00.

Director Morgan stated on the expense side this is difficult to look at year to year because 2020 is a different year for salaries and benefits and that had to do with the SharedWork Ohio program. We did not see as much salary expense as we would have expected at the beginning of year and we must take that into account when we plan the budget for 2021. The amount of salary expense for 2021 he is estimating at \$29 million. The employee fringe benefits does include the significant increase we saw in health care last year along with the 6% increase we are told to expect this year. All other numbers are consistent with last year except Purchased and Contracted Services we anticipate that we will move into strategic planning. Library materials we want to bring that back up to the levels to where it was before cuts. We are asking the Board to approve a \$10 million library material budget.

Capital Outlay we are looking at \$4.5 million for next year for additional deferred maintenance projects that was on hold that we want to accomplish. Transfer line we have for \$12,700,000.00 there are two parts. One is the transfer we do into the note retirement fund to retire the debt of \$5,185,000.00 and the other is a transfer into the capital funds for \$7,515,000.00 and that is where we would compromise the \$12,700,000.00 carryover.

The Temporary Annual Appropriations Resolution was approved for consideration by the full Board.

Resolution to Request Tax Advances from Cuyahoga County

Director Morgan stated this is an annual resolution requesting the County to send us tax advances. The County ask that the Board adopt this resolution and once approved he will then forward this resolution to the County.

The Resolution to Request Tax Advances from Cuyahoga County was approved for consideration by the full Board.

Other:

Adjournment

There was no other business before the Finance Committee, and Committee Chair DePiero called the meeting adjourned at 4:56 p.m.